

117TH CONGRESS  
1ST SESSION

# H. R. 4940

To amend the Internal Revenue Code of 1986 to impose a tax on real profits of certain corporations.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 6, 2021

Mr. BEYER introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to impose a tax on real profits of certain corporations.

1       *Be it enacted by the Senate and House of Representa-  
2 tives of the United States of America in Congress assembled,*

**3 SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Real Corporate Profits  
5 Tax Act of 2021”.

**6 SEC. 2. IMPOSITION OF ADDITIONAL TAX ON REAL COR-  
7 PORATE PROFITS.**

8       (a) IMPOSITION OF TAX.—

1                   (1) IN GENERAL.—Subtitle A of the Internal  
2                   Revenue Code of 1986 is amended by adding at the  
3                   end the following new chapter:

4                   **“CHAPTER 4A—TAX ON CORPORATE BOOK  
5                   INCOME”**

“Sec. 1476. Tax on book income.

“Sec. 1477. Credit for income taxes paid.

6                   **“SEC. 1476. TAX ON BOOK INCOME.”**

7                   “(a) IN GENERAL.—In addition to any other tax, in  
8                   the case of a corporation, there is imposed a tax for each  
9                   taxable year on so much of the adjusted net book income  
10                  of the corporation as exceeds \$100,000,000.

11                  “(b) AMOUNT OF TAX.—The amount of tax imposed  
12                  under subsection (a) shall be 7 percent.

13                  “(c) ADJUSTED NET BOOK INCOME.—For purposes  
14                  of this section—

15                  “(1) IN GENERAL.—The term ‘adjusted net  
16                  book income’ means the net income or loss of the  
17                  taxpayer set forth on the taxpayer’s applicable finan-  
18                  cial statement as required to be reported (or as  
19                  would have been properly reported if the taxpayer  
20                  were so required) on the taxpayer’s financial state-  
21                  ment net income or loss reconciliation for the fiscal  
22                  year ending with or within such taxable year, deter-  
23                  mined without regard to the tax imposed by this sec-  
24                  tion and adjusted as provided in this subsection.

1               “(2) GROUP OF ENTITIES.—For purposes of  
2     this subsection—

3               “(A) if the financial results of a taxpayer  
4     are reported on the applicable financial state-  
5     ment for a group of entities, such statement  
6     shall be treated as the applicable financial  
7     statement of the taxpayer, and

8               “(B) if the taxpayer files a consolidated re-  
9     turn for any taxable year, adjusted net book in-  
10    come for such taxable year shall take into ac-  
11    count items on the taxpayer’s applicable finan-  
12    cial statement which are properly allocable to  
13    members of such group included on such re-  
14    turn.

15               “(3) APPLICABLE FINANCIAL STATEMENT.—  
16     For purposes of this subsection, the term ‘applicable  
17     financial statement’ has the meaning given such  
18     term under section 451(b)(3).

19               “(d) EXCEPTION.—Subsection (a) shall not apply to  
20    a corporation subject to the tax imposed under subchapter  
21    M (relating to regulated investment companies and real  
22    estate investment trusts).

23               “(e) APPLICATION TO FOREIGN CORPORATIONS.—In  
24    the case of a foreign corporation, the tax imposed by sub-  
25    section (a) shall apply only to those items on the tax-

1 payer's applicable financial statement as are properly allo-  
2 cable to the income of the taxpayer which is effectively  
3 connected with the conduct of a trade or business within  
4 the United States (as determined under rules similar to  
5 the rules in section 882).

6       “(f) REGULATIONS.—The Secretary shall prescribe  
7 such regulations and guidance as necessary to carry out  
8 the purposes of this section, including regulations and  
9 guidance related to the application of this section to con-  
10 solidated financial statements.

11 **“SEC. 1477. CREDIT FOR INCOME TAXES PAID.**

12       “(a) IN GENERAL.—In the case of a taxpayer other  
13 than an S corporation, there shall be allowed a credit  
14 against the tax imposed by section 1476 for any taxable  
15 year an amount equal to 33 percent of so much of the  
16 taxpayer's net regular tax liability for the taxable year as  
17 exceeds the product of—

18           “(1) the highest rate of tax specified in section  
19           11, and

20           “(2) the dollar amount described in section  
21           1476(a).

22       “(b) NET REGULAR TAX LIABILITY.—For purposes  
23 of this section, the term ‘net regular tax liability’ means  
24 the regular tax liability imposed under chapter 1 reduced

1 by the sum of the credits allowable under subparts A, B  
2 and D of part IV of subchapter A of chapter 1.”.

3                   (2) CLERICAL AMENDMENT.—The table of  
4 chapter for the Internal Revenue Code of 1986 is  
5 amended to read as follows:

“CHAPTER 4A—TAX ON CORPORATE BOOK INCOME”.

6                   (b) DENIAL OF INCOME TAX DEDUCTION.—Section  
7 275(a)(1) of the Internal Revenue Code of 1986 is amend-  
8 ed by striking “and” at the end of paragraph (2), by strik-  
9 ing the period at the end of paragraph (3) and inserting  
10 “; and”, and by adding at the end the following new para-  
11 graph:

12                   “(4) the tax imposed by chapter 4A.”.

13                   (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 the date of the enactment of this Act.

